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IMPROVEMENT OF MECHANISMS FOR STATE SUPPORT AND PROMOTION OF SUSTAINABLE DEVELOPMENT OF THE TOURISM SECTOR

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Annotation:

This thesis examines the issues of improving the mechanisms of state support and promotion of sustainable development of the tourism sector. Rather than distributing state support to tourism entities in a general way, it is based on the need for targeted targeting of projects based on their need for support, their potential to create additional economic and social benefits, and the achieved results. In order to increase the effectiveness of state support, an approach based on the selection of tourism projects based on criteria, differential selection of incentive tools, and linking the parameters of further support to the achieved results is proposed. This approach serves to increase the targeting and return of state resources and promote the sustainable development of tourism.

Keywords: tourism, sustainable development, state support, incentives, selective support, tourism project, state support, effectiveness, economic efficiency.

Introduction

The tourism sector plays an important role in stimulating economic growth, creating new jobs, increasing the investment attractiveness of regions, expanding the service market, and economically efficient use of natural and cultural resources. At the same time, the inextricable link between tourism and transport,



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accommodation, catering, trade, culture, and other service sectors requires the targeted use of state support and economic incentives for the sustainable development of this sector.

In modern conditions, the role of the state in the tourism sector is not limited to providing financial support, incentives, or infrastructure assistance. The limited availability of state resources makes it urgent to determine which tourism projects and entities to target, based on what criteria, and in exchange for what expected results. Therefore, rather than the volume of state support, its targeting, its ability to create additional benefits, and its connection with the achieved results are becoming an important condition for a sustainable tourism policy.

International approaches also pay special attention to directing state resources allocated for tourism development to strategic goals, improving financing opportunities for small and medium-sized businesses, stimulating investments and increasing the effectiveness of state support. The OECD notes the importance of effective mobilization of financial resources in tourism policy, stimulating private investment and supporting the sustainable transformation of tourism enterprises. However, providing state support to tourism entities on the same terms or based solely on the type of activity may not fully ensure the allocation of resources to projects that create the highest additional effect. In this regard, the formation of a support mechanism based on a selective approach, that is, the selection of tourism projects based on their need for state support, the potential for creating additional effect and expected results, is of scientific and practical importance. In this case, it is necessary to prioritize the promotion of initiatives that will generate additional economic, social or environmental benefits as a result of state support, rather than over-subsidizing projects that could be implemented without state support.



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Also, the provision of state support should not be seen as the ultimate goal in itself. It is advisable to compare the actual results of the supported project with the initially established criteria, and the subsequent decision on promotion should be linked to this result. Expanding the scope of support for projects that have achieved high results, revising its terms in cases where the expected results have been partially achieved, and changing or gradually reducing the form of support in cases where they have not yielded sufficient results will increase the efficiency of using state resources.

Literature review on the topic

The issues of state support and promotion of sustainable development of the tourism sector have been studied in the scientific literature from the perspective of the role of the state in tourism policy, support for tourism entrepreneurship, investment promotion, public-private partnership, use of financial resources, and principles of sustainable tourism. Existing scientific approaches show that the specific features of the tourism market require the state to perform not only regulatory, but also stimulating private initiatives and expanding market opportunities.

C.M. Hall, studying tourism policy as a system of interactions between the state, the market, and other stakeholders, substantiates that the state's influence on tourism development depends on a combination of various forms of governance and economic instruments. His approach shows the need to consider state support in tourism not as a separate privilege or financial assistance, but as a tool that serves to achieve specific political and economic goals.

B. Bramwell and B. Lane pay special attention to the cooperation of the state, business, local communities and other stakeholders in ensuring sustainable tourism. According to the authors, the effectiveness of state policy depends on



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the ability to reconcile the economic interests of tourism entities with the goals of sustainable development. This means that economic incentives provided by the state should be aimed not only at expanding the volume of tourism activities, but also at the formation of long-term economic, social and environmental results.

R. Sharpley, analyzing the theoretical connections between tourism and sustainable development, draws attention to the issue of balancing the economic interests of tourism with social and environmental goals. Based on this approach, it is appropriate to assess the effectiveness of state support not only by the volume of tourist services or economic income, but also by its impact on regional development, employment and rational use of resources.

International research is focusing on improving access to finance for tourism businesses, especially small and medium-sized businesses, reducing investment barriers, and promoting their green and digital transformation. The OECD emphasizes the importance of directing public financial resources to strategic priorities, mobilizing private investment, and supporting the sustainable transformation of tourism businesses in tourism policy.

In the economic literature on the effectiveness of state aid, the concept of additionality plays an important role. According to this approach, when assessing state aid, it is not enough to simply record the results of a project or enterprise after receiving state aid. The main issue is to determine what additional investment, innovation, employment or other positive results have been achieved compared to the situation without state aid. From this point of view, the effectiveness of state aid in tourism should also be linked to its ability to create additional economic and social benefits, rather than the amount of funds allocated.

A summary of existing scientific views shows that three main directions have been formed in research on state support for tourism: the first is to expand the



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financial and investment opportunities of the tourism business; the second is to develop infrastructure and tourism products through public-private partnerships; the third is to align economic incentives with sustainable development goals. However, the issue of selecting support instruments, taking into account the real need for state support, the additional effect created as a result of support, and the achieved effectiveness, requires further in-depth research.

Therefore, this study proposes to improve state support based on the principle of selective and result-based support, rather than providing the same principle to all tourism entities. In this case, the tourism project is initially assessed in terms of its need for state support and the potential to create additional effect, an appropriate incentive instrument is selected for it, and further support is linked to the results achieved in practice. This approach creates a scientific and methodological basis for directing state resources to initiatives that create high additional effect and stimulate the sustainable development of tourism.

Research methodology.

The research used the methods of systematic and comparative analysis, statistical grouping, dynamic analysis, comparison and scientific generalization. The means of state support and promotion of the tourism sector were studied based on their targeting, need for state support, potential for creating additional benefits and effectiveness criteria. The information base of the research was formed by official statistical data of the Republic of Uzbekistan, regulatory legal acts on the tourism sector, and scientific and methodological materials of international organizations.

Analysis and results.

The effectiveness of state support for the sustainable development of the tourism sector is determined not by the volume of allocated resources, but by which



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entities and projects they are directed to, on what criteria and with what additional results. From this point of view, it is important to shift state support from the traditional approach of “providing privileges or financial assistance” to a selective, conditional and result-based incentive model. In the OECD experience, there is also a practice of linking financial incentives, subsidized loans, guarantees and investment assistance to specific sustainability goals in supporting the sustainable transformation of tourism enterprises.

The need to improve state support mechanisms in the tourism sector in Uzbekistan is also indicated by the economic scale of the sector and the dynamics of market activity. According to the Tourism Auxiliary Account of the National Statistics Committee, tourism industry output increased from 88,698.7 billion soums in 2020 to 286,682.1 billion soums in 2024. The gross added value created in tourism industries increased from 46,915.6 billion soums to 141,688.1 billion soums during the same period.

Table 1. Important indicators for improving state support mechanisms for the development of the tourism sector in Uzbekistan

Indicator	2020	2021	2022	2023	2024	2024/2020
Output of tourism industries, UZS billion	88698.7	122255.8	174441.0	228448.0	286682.1	3.23 times
Gross value added (GVA) generated by tourism industries, UZS billion	46915.6	64202.2	90261.5	113169.1	141688.1	3.02 times
Tourism firms and organizations, units	337	288	348	593	743	2.20 times
Persons served, thousand people	212.3	577.8	673.7	1157.1	1972.9	9.29 times
Tours sold, thousand units	78.2	147.7	95.3	262.4	601.5	7.69 times



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The table data shows a significant expansion of economic activity in the tourism market in 2020-2024. The production of tourism industries increased by 3.23 times, and the gross added value by 3.02 times. During this period, the number of tourism firms and organizations increased by 2.20 times, the number of people served by them increased by 9.29 times, and the number of tours sold by 7.69 times.

These ratios lead to an important scientific conclusion: in the context of the expansion of the tourism market, the priority task of state support policy should now not only be to encourage the creation of new entities, but also to identify projects among existing and new tourism entities where state support will provide the highest additional effect. That is, as the market size expands, the need to move from a quantitative expansion of state support to increasing its selectivity and effectiveness increases.

The principle of “additional effect” is of particular importance in this regard. The improvement of the project result after the provision of financial or other economic support by the state does not automatically mean that the state support was effective. The economic content of state support should be associated, first of all, with the formation of an additional result that would not have occurred in the absence of this support. Therefore, when selecting tourism projects, in addition to their simple profitability, it is advisable to take into account the additional investment, jobs, tourist services, territorial value and sustainability effects created due to state support.

From this point of view, it is proposed to differentiate the means of state support for tourism based on three criteria:

D₁ – Diagnosis (need diagnosis) — the possibility of implementing the project without state support and the existing financial, infrastructural or market constraints are determined;



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D₂ – Differentiation (differentiation) — in accordance with the identified need, a subsidy, credit guarantee, infrastructure support, investment incentive or other support instrument is selected;

D₃ – Dependence on Results — the size and form of further state support depends on the results actually achieved by the project.

This approach can be conditionally described as the “3D-Support” model. Its main difference from the traditional support system is that the inclusion of a tourist entity in a certain category is not a sufficient condition for automatically receiving state support. First, the real need for support is determined, then the additional effect that the project can create is assessed, and only then is the appropriate incentive tool determined.

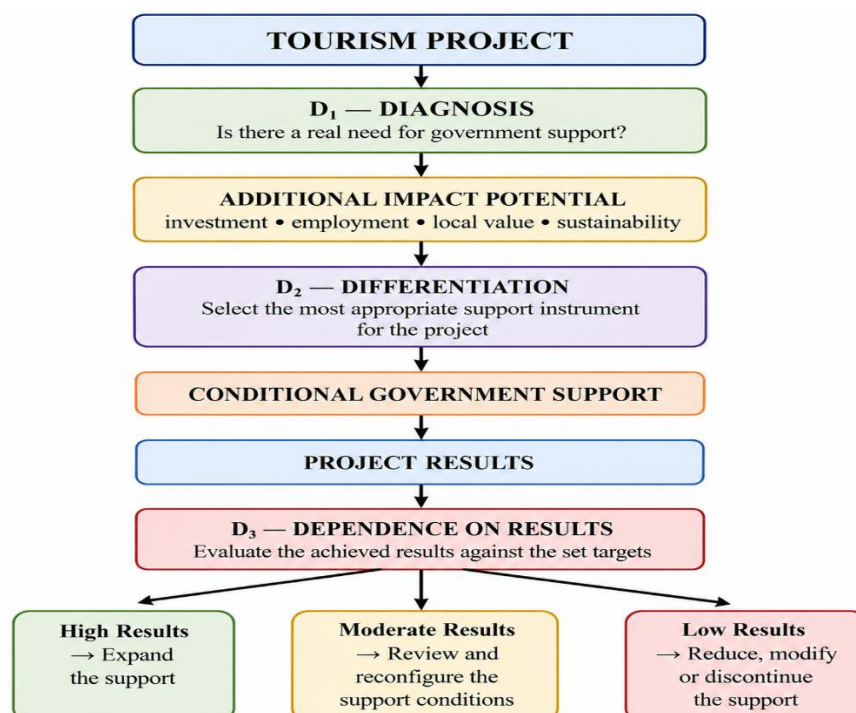


Figure 1. “3D-Support” selective incentive model of state support in the tourism sector



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Another important aspect of this model is to strengthen the conditional nature of state support. That is, initial support is not automatically continued for the next period. Incentive parameters change depending on the level of achievement of the specified result. Such a mechanism can strengthen the motivation for efficiency in the use of state support and reduce the risk of long-term retention of resources in ineffective projects. International experience shows that some elements of such an approach are already in practice. For example, in the Austrian experience cited by the OECD, in addition to subsidized loans and guarantees for family and owner-managed tourism SMEs, a sustainability bonus is applied for investments aimed at environmental, human, territorial development and digitalization. This shows that support can be linked not to the status of a simple business, but to the result of a certain quality of investment.

On this basis, the following system of criteria is proposed within the framework of the thesis for the selection of state aid.

Table 2. Criteria for Selecting Tourism Projects for Government Support and Incentives

Selection Criterion	Assessment Content	Priority Condition
Need for Government Support	To what extent is the project constrained without government support?	Presence of a real financial or infrastructure constraint
Additional Investment	How much additional private capital can be mobilized through government support?	High private investment multiplier
Employment Impact	Does the project create new and sustainable jobs?	Significant positive employment impact
Local Value Creation	Does the project involve local suppliers and service providers?	High economic impact within the region
Sustainability Impact	Does the project enhance resource efficiency and generate social benefits?	Measurable sustainability outcomes
Measurability of Results	Can the achieved results be assessed using clearly defined indicators?	Availability of verifiable performance indicators



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The application of these criteria allows us to shift state support from the principle of “who applied?” to the principle of “which project will create the greatest additional effect due to state support?”. In this case, a project with high commercial efficiency and which can be implemented without state support may not be the first recipient of state resources. On the contrary, a project that is difficult to implement due to market or infrastructural constraints, but creates a significant territorial, social or sustainability effect when state support is provided, may be given priority support.

It is also advisable to choose an instrument appropriate to the type of problem, rather than using the same support instrument for all projects. A loan guarantee for a project with limited financing opportunities, but economically promising; a targeted investment incentive for a sustainable project with high initial investment costs; In areas where infrastructure is the main constraint to private investment, infrastructure support may be more effective than direct subsidies to the enterprise. The OECD also emphasizes the need to use a variety of financing instruments that are appropriate to the development stages and needs of tourism SMEs.

As a result of the analysis, the main scientific result of the thesis is proposed to shift state support from the “universal support” model to the “selective additional effect” model. In this case, state support passes through three sequential filters: need → additional effect → effectiveness. The first filter limits excessive state support, the second directs resources to projects that create high additional effect, and the third links further support to actual results.

Thus, the study substantiated the need to strengthen selectivity, conditionality, and additionality as a priority for improving mechanisms for state support and promotion of the tourism sector, rather than a general increase in the volume of support. The proposed “3D-Support” model serves to increase the targeting and



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economic return of state resources, mobilize private investment, and stimulate the long-term sustainable development of tourism by diagnosing the real need for state support, differentiating incentives depending on the nature of the project, and linking further support to the achieved results.

CONCLUSION

The study demonstrates that improving government support and incentive mechanisms for sustainable tourism development requires a shift from broadly distributed assistance towards a selective, targeted, and performance-based support system. The effectiveness of government support should therefore be determined not only by the amount of resources allocated, but also by the additional economic, social, and sustainability effects generated by supported tourism projects.

Based on the analysis, the proposed “3D-Support” model – Diagnosis, Differentiation, and Dependence on Results – provides a systematic approach to selecting tourism projects for government support. The model first identifies the actual need for public assistance and the project’s potential to generate additional value, then selects an appropriate support instrument, and finally links subsequent assistance to achieved performance. Accordingly, high-performing projects may receive expanded support, partially performing projects may have their support conditions revised, while ineffective support may be reduced, replaced, or discontinued.

The proposed selection criteria – need for government support, additional private investment, employment impact, local value creation, sustainability impact, and measurability of results – enable public resources to be directed towards projects capable of generating greater additional benefits. This approach can also reduce



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inefficient allocation of public resources and strengthen incentives for tourism businesses to achieve measurable outcomes.

Thus, the improvement of government support for sustainable tourism development should focus not on expanding assistance itself, but on enhancing its additionality, selectivity, conditionality, and performance orientation. The practical application of the proposed approach can improve the efficiency of public resources, mobilize private investment, promote sustainable employment and local value creation, and contribute to the long-term sustainable development of the tourism sector.

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